

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2019

Docket No. ACR2019

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-7 OF CHAIRMAN'S INFORMATION REQUEST NO. 10

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 10, issued on February 4, 2020. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Eric P. Koetting

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 277-6333
eric.p.koetting@usps.gov
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1. In the *FY 2019 Report*, the Postal Service states that during FY 2019, “natural disasters . . . negatively disrupted the network and contributed to a lower level of service performance.” *FY 2019 Annual Report* at 22. Specifically, the Postal Service asserts that “[t]hese disruptions included hurricanes, tropical storms, wildfires, [and] an unusually large number of named winter storm events” *Id.*
 - a. Please provide detailed descriptions of the specific weather events and natural disasters that resulted in service disruptions during FY 2019 and identify which geographic areas were affected.
 - b. Please explain how such weather events and natural disasters disrupted the Postal Service’s network (*i.e.*, which processing phases were impacted and how they were impacted).
 - c. Please quantify the effect that such weather disruptions and natural disasters had on the Postal Service’s service performance scores for FY 2019. See *id.* at 21.

RESPONSE:

a.

Event	Dates	General Impacted Area
Hurricane Michael	Oct 7 th - Oct 16 th , 2018	Florida, Georgia, North Carolina, Eastern U.S.
Winter Storm Avery	Nov 14 th – Nov 16 th , 2018	Pennsylvania, New York, Upper Northeast U.S.
Winter Storm Bruce	Nov 24 th – Nov 27 th , 2018	Kansas, Colorado, Plains and Midwest
Winter Storm Carter	Dec 1 st – Dec 2 nd , 2018	California, Midwest and West.
Winter Storm Diego	Dec 5 th – Dec 10 th , 2018	Texas, Southeast U.S.
Winter Storm Eboni	Dec 24 th – Dec 28 th , 2018	California, Oregon, Western U.S.
Winter Storm Gia	Jan 10 th – Jan 13 th , 2019	Rockies, Plains, Midwest, Mid-Atlantic
Winter Storm Harper	Jan 16 th – Jan 20 th , 2019	Rockies, Sierra, Cascades, Southwest

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Winter Storm Jayden (Polar Vortex)	Jan 29 th – Feb 1 st , 2019	Plains, Great Lakes, Northeast
Winter Storm Nadia	Feb 11 th – Feb 15 th , 2019	Western U.S., Plains, mid-Atlantic
Winter Storm Oren	Feb 17 th – Feb 18 th , 2019	California, Rockies, Plains, Midwest
Winter Storm Petra	Feb 18 th – Feb 21 st , 2019	West, Plains, Midwest and Northeast
Winter Storm Quina	Feb 19 th – Feb 24 th , 2019	West, Southwest U.S., Great Lakes, Northeast, Plains
Winter Storm Ryan	Feb 24 th – Feb 27 th , 2019	Northwest, Plains, New England, Pacific Northwest
Winter Storm Scott	Mar 1 st – Mar 3 rd , 2019	West, Plains, Midwest and Northeast
Winter Storm Taylor	Mar 7 th – Mar 10 th , 2019	Northern California, Rockies
Winter Storm Ulmer	Mar 11 th – Mar 15 th , 2019	Plains, California
Winter Storm Vaughn	Mar 22 nd – Mar 24 th , 2019	Northeast
Winter Storm Wesley	Apr 8 th – Apr 13 th , 2019	Plains, Midwest
Winter Storm Xyler	Apr 26 th – Apr 27 th , 2019	Northern U.S.
Hurricane Barry	Jul 13 th , 2019	Louisiana, Arkansas, Midwest
Hurricane Dorian	Sep 3 rd , 2019	Southeastern U.S., Puerto Rico, Eastern U.S.
Tropical Storm Imelda	Sep 17 th , 2019	Texas, Louisiana, Oklahoma, Arkansas

b.

Weather events can disrupt operations and jeopardize the safety of personnel, customers, and business partners. Emergency planning, including

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Continuity of Operations (COOP) planning, has become a necessary and required process.

The mail processing COOP plan focuses on the facility's ability to process mail during emergencies. The plan is a deliberate and preplanned movement of originating and destinating mail to an alternate facility to enable the continuation of essential mail processing functions. The plan includes the preparation of alternate reporting sites for employees, identified offload sites for mail processing by mail type, and specific procedures to be followed so that critical mail processing operations can be maintained in the event of any emergency, or threat of an emergency.

Although the Postal Service has plans in place for emergency situations, there are so many moving parts that virtually every phase of mail processing can be impacted during an emergency. Postal Service management's goals are to ensure the safety of all employees and the public, protection of postal assets, and security of the mail.

As an example, during Tropical Storm Imelda in September 2019, there were over 40 inches of rain. Bridges were closed, and transportation sometimes came to a standstill. For Hurricane Dorian in September, 2019, evacuation orders were issued which impacted employee availability. When a processing facility cannot be used, mail must be redirected to other facilities, which includes the task of reworking all transportation routes. Employees are often asked to

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report to different facilities and to process mail that is not usually handled at their facility. The Postal Service operates on a 24-hour clock – when one operation is disrupted, there is a ripple effect on other operations.

c.

The Postal Service is unable to determine exact impacts to service scores caused by the events identified in its response to Question 1.a., but the trend chart below (Figure 1) depicts weekly service trends for market dominant products for FY 2019 and when these events occurred.

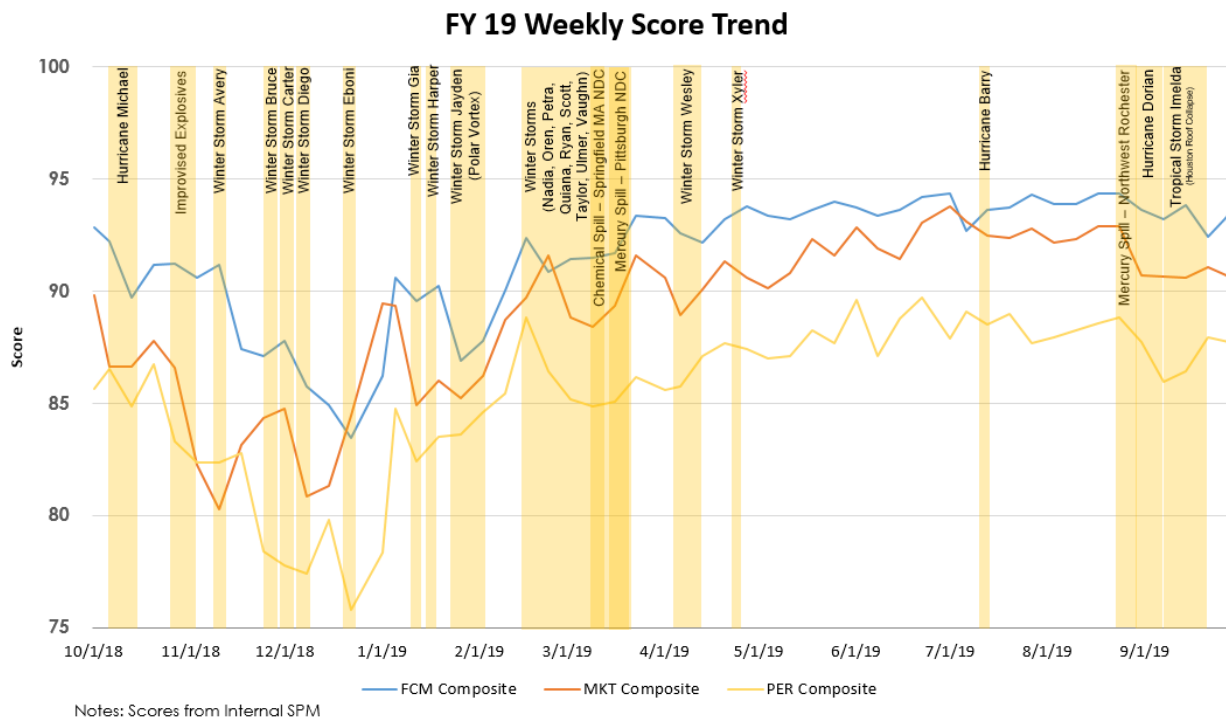


Figure 1

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2. In the *FY 2019 Report*, the Postal Service states that during FY 2019, “industrial incidents negatively disrupted the network and contributed to a lower level of service performance.” *Id.* at 22. Specifically, the Postal Service asserts that “[t]hese disruptions included . . . toxic spills (e.g. mercury)” *Id.*
- a. Please provide detailed descriptions of the specific industrial incidents that resulted in service disruptions during FY 2019 and identify which geographic areas were affected.
 - b. Please explain how such industrial incidents disrupted the Postal Service’s network (*i.e.*, which processing phases were impacted and how they were impacted).
 - c. Please quantify the effect that such industrial incidents had on the Postal Service’s service performance scores for FY 2019. See *id.* at 21.

RESPONSE:

a.

During FY 2018 (August 2018), a mercury spill in Norfolk, VA impacted the plant operations there for 5 days.

The Northwest Rochester Mercury Spill (impacting the Syracuse P&DC) affected operations in the Northeast Area for approximately three weeks: from August 28th through September 9th. The Northeast Area enacted a continuity of operations (COOP) plan for both originating and destinating Priority Mail volumes and destinating First Class Parcel volumes serviced out of the Northwest Rochester Plant. The average daily impact from both an originating and destinating perspective for both product types exceeded 50,000 mailpieces per day.

A mercury spill at the Marcellus, NY Post Office in the Albany District required the closing of that facility from August 26 until September 8. All

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operations were transferred, pursuant to a COOP plan, to the Camillus, NY Post Office for the duration.

b. Similar to the response to question 1.b. of this Information Request, the ability to move mail through the network becomes a massive undertaking in the event of toxic spills and similar industrial events. In the case of the mercury spills noted in the response to question 2.a., facilities were evacuated and mail was sent to other facilities. Employees were redirected to other sites to perform work on equipment they might not be familiar with. In the case of the Northwest Rochester incident, the Northeast Area plants were impacted for approximately three weeks.

c. The Postal Service is unable to determine exact impacts to service scores caused by the events identified in its response to Question 1.a., but the trend chart below (Figure 1) depicts weekly service trends for market dominant products for FY 2019 and when these events occurred.

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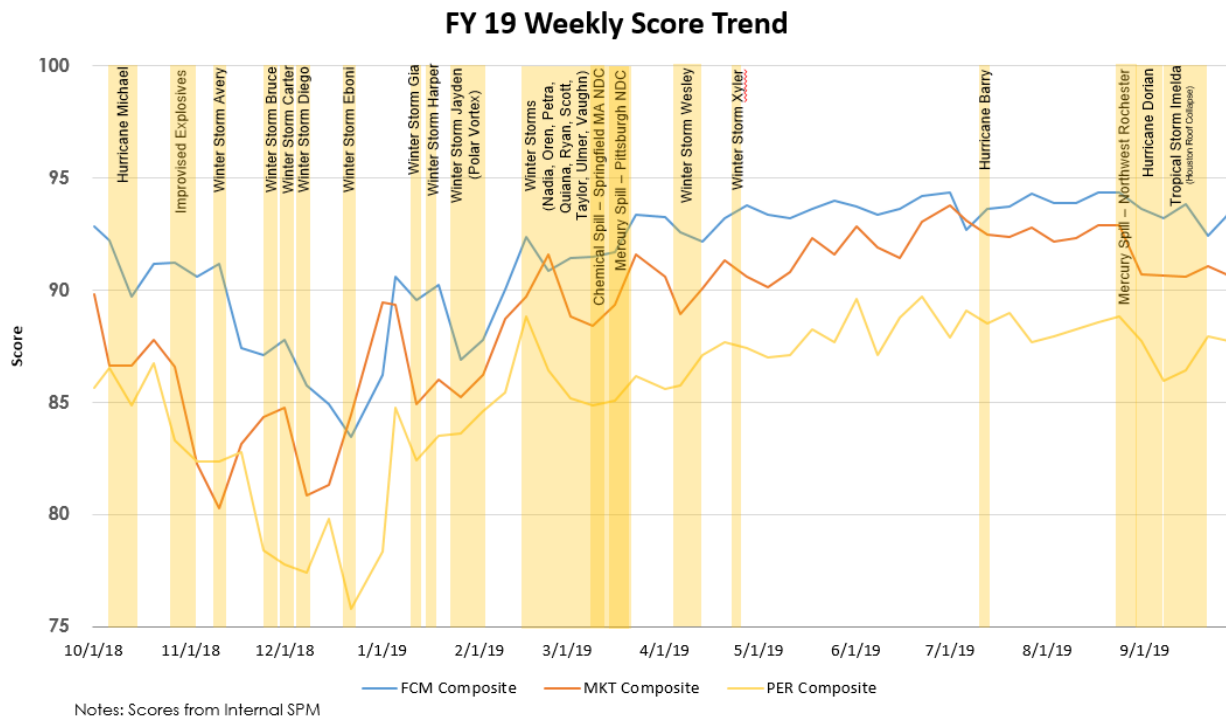


Figure 1

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3. In the *FY 2019 Report*, the Postal Service states that during FY 2019, network disruptions included “a malicious actor that inducted multiple improvised explosive devices into the network.” *Id.* at 22.
- a. Please provide a detailed description of this event, the nature of the service disruptions it caused, and identify which geographic areas were affected.
 - b. Please quantify the effect that this event had on the Postal Service's service performance scores for FY 2019. See *id.* at 21.

RESPONSE:

a.

In late October, there were reports of a malicious actor who had inducted multiple improvised explosive devices into the mail. On October 25th, the Royal Palm, FL facility was evacuated at 10:00 pm after a suspicious package was discovered. The Postal Inspection Service and federal and local law enforcement officials isolated and removed the package. Operations resumed at 12:05 am on October 26th; however, the site incurred significant loss of processing capacity as local management completed multiple employee briefings that morning and over the next few days to ensure that all employees were informed and had opportunity for Q&A periods.

b.

The Postal Service is unable to determine exact impacts to service scores caused by the events identified in its response to Question 1.a., but the trend chart below (Figure 1) depicts weekly service trends for market dominant products for FY 2019 and when these events occurred.

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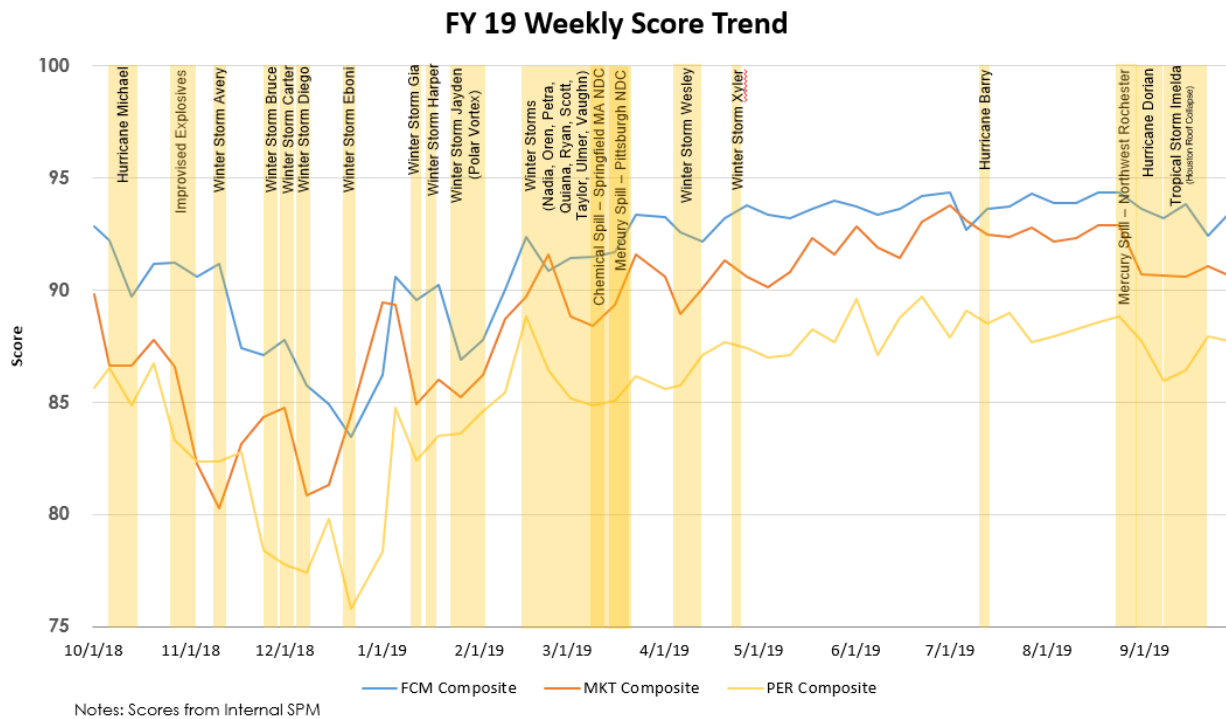


Figure 1

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4. Given that service performance scores are aggregated nationwide, please explain how largely localized incidents/disruptions significantly affect the service performance scores of the entire Postal Service network.

RESPONSE:

The national scores are calculated by aggregating the performance of geographical locations across the nation (*i.e.*, Area scores are based on District performance, and District scores are based on performance of facilities within the District). When a geographical location is impacted, depending on the severity of the incident/disruption, there could be an impact to District, Area, and National scores as part of a "ripple effect".

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5. In the *FY 2020 Plan*, the Postal Service states that it will continue efforts implemented in FY 2019 to improve service performance, such as “continu[ing] to use digital run plan generator systems for production of daily machine operational plans.” *Id.* at 22.
- a. Please explain how daily machine operational plans were produced prior to the use of digital run plan generator systems.
 - b. Please explain how the use of digital run plan generator systems “standardized machine scheduling and utilization and provided senior management with additional oversight.” *Id.*

RESPONSE:

- a.

Prior to the use of the digital run plan generator (RPG) systems, daily machine operational plans were produced using a Microsoft Excel-based system.
- b.

RPG is now a web-based system in WebEOR, which is much more user-friendly and requires less manual inputs, which helps standardize machine scheduling and utilization. Under the predecessor Excel-based RPG system, in many cases the only person with access to the RPG Excel files was the developer. RPG in WebEOR is accessible to senior management, allowing for additional oversight.

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6. In the *FY 2020 Plan*, the Postal Service states that to address transportation failures in FY 2020, the Postal Service will “redesign [its] Surface Transportation Center (STC) network . . . to improve product flow within [its] ground network.” *Id.* at 23.
- a. Please describe in detail the STC network and explain how the STC network will be redesigned.
 - b. Please provide an anticipated completion date for the redesign.
 - c. Please state whether the Postal Service anticipates that during the redesign, service performance will be or could be adversely affected. If the Postal Service anticipates that service performance will or could be adversely affected during the redesign, please describe plans to address or minimize potential service disruptions.

RESPONSE:

a.

The STC network is currently being redesigned to align with destination service areas. The current surface transportation network is inconsistent in coverage area and operating profile. The STC network redesign is intended to significantly reduce costs (through reduction in underutilized transportation) and service improvement (through better alignment of processing facilities and simplified routing decisions).

Prior to September 2019, the STC network included locations in Orlando, Atlanta, Washington, DC, northern New Jersey, Massachusetts, Indianapolis, Memphis, Dallas, Salt Lake City, and two sites in California. Operating plans and coverage areas for these STCs have been inconsistent and non-standardized. The redesign will include realignment of transportation for these 11 STCs, as well as the opening of STCs in Kansas City and Chicago.

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Realignment of transportation for STCs will include limiting destinating service areas for each STC to an eight-hour range: if a destination processing facility is within eight hours' drive time from an STC, mail destined for that processing facility is eligible to be transferred. In addition, hub-and-spoke plans (HASPs) are being created for each STC to simplify routing from origins to each destination serviced. These HASPs will utilize specific critical entry times and departure of value times for First-Class and Priority Mail for each destination to determine eligibility for transfer.

b. The network redesign effort is occurring in three phases with a planned final completion date of June 2020:

1. Phase 1 was concluded in September 2019 with the opening of the Kansas City STC.
2. Phase 2 is anticipated to be completed on April 13, 2020 with the opening of the Chicago STC and realignment of transportation for STCs in Indianapolis, Memphis, Atlanta, Dallas, and Orlando.
3. Phase 3 is anticipated to be completed in June 2020 with the realignment of transportation for STCs in Salt Lake City, Washington, DC, Northern New Jersey, Massachusetts, and the two sites in California.

c. The Postal Service is working diligently with a large and diverse group of stakeholders to address potential issues and mitigate them before they occur. Prior to the Phase 2 "go-live", working meetings are being held with all areas (except Pacific) with relevant stakeholders at all levels: from the Area vice-

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president down to plant-level staff. The intent of these meetings is to familiarize all necessary personnel with all planned changes, discuss all potential issues in an open environment, and commence work to be ready well before the go-live date. Recurring preparation meetings will continue until go-live and afterwards. In addition, these activities will encompass all necessary personnel affected by Phase 3 well before June 2020. Given this plan, the Postal Service does not anticipate any adverse service issues. During and after implementation of the planned transportation changes, service performance and costs will be monitored closely by Headquarters, and any performance issues will be addressed collaboratively between the Areas and Headquarters.

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7. In the *FY 2020 Plan*, the Postal Service states that it “will launch a new initiative in FY 2020 called ‘Disruptive Events’ to identify mail affected by unforeseen events outside of management’s control.” *Id.* at 23. It states that this initiative “will use data to identify and flag mail pieces impacted by unexpected events, such as weather, outside of the Postal Service’s control.” *Id.* The Postal Service states that “[t]he Disruptive Events program will enable [it] to more accurately quantify impacts from these events and diagnose service failures.” *Id.*
- a. Please provide a detailed description of what data this initiative will utilize and explain how such data will be utilized to “identify and flag mail pieces impacted by unexpected events.” *Id.*
 - b. Please explain how this initiative will enable the Postal Service to “more accurately quantify impacts from these events and diagnose service failures.” *Id.*
 - c. Please describe any plans the Postal Service has to ameliorate the impact of the events identified through the Disruptive Events initiative.

RESPONSE:

a.

The Postal Service plans to utilize scan data, expected mail flow information, GPS breadcrumbs, weather information, and manually entered data (based on local knowledge) as some of the inputs in the detection of unexpected (aka disruptive) events. These inputs will help identify anomalies in mail processing, transportation, and delivery and determine the impact on operations. Once the impact has been identified, verified associated mailpieces will be flagged for use with Service Performance Measurement, Mail Inventory & Predictive Workload, and Mail Tracking & Reporting.

b.

As outlined in the response to question 7.a., the Postal Service will utilize a data-driven approach combined with local operational knowledge to detect

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unexpected events and identify impacted mailpieces. This intelligence will be captured on each mailpiece and will be utilized to quantify impacts to service performance and to proactively diagnose service failures.

C.

The Postal Service will utilize the unexpected event data to plan for and monitor impacts to mail processing, transportation, and delivery. The data will also be utilized to manage and accelerate recovery efforts and to confirm when normal operations have resumed. The Postal Service anticipates that sharing unexpected event data with operations and with customers will allow stakeholders to proactively manage unexpected events potentially minimizing their impacts.